



# CITY OF RAPID CITY

RAPID CITY, SOUTH DAKOTA 57701-5035

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## Community Planning & Development Services

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## MEMORANDUM

TO: Public Works Committee

FROM: Patsy Horton, Division Manager  
Long Range Planning Division

DATE: December 3, 2013

RE: Recommended Changes to the TIF Guidelines

**(Update: December 3, 2013. All revised and/or added text is shown in bold print.)**

**This item was continued at the October 15, 2013 Public Works Committee meeting to allow the Tax Increment Financing Review Committee, the Planning Commission and the City Council an opportunity to review and comment on the proposed changes.**

**A request has been submitted to research and include language provisions to encourage affordable housing. As such, staff recommends continuing the proposed TIF Guideline changes to the January 28, 2014 Public Works Committee meeting to incorporate language regarding affordable housing.**

On March 4, 2013, the City Council directed staff to provide recommendations to the existing Tax Increment Financing Guidelines. On March 18, 2013, the City Council also approved revisions to the Tax Increment Project Review Committee membership. The Tax Increment Project Review Committee met to discuss proposed changes to the tax increment financing policy considerations. Those discussions are ongoing.

The attached recommended changes address many of the concerns expressed about the information provided within the TIF district applications. A summary of the proposed changes follows.



EQUAL OPPORTUNITY EMPLOYER

1. Pre-application meeting with staff (Community Planning, Finance, Public Works and other departments as appropriate) to discuss the proposal -- staff can review the preliminary information to determine if the proposal is a reasonable request. Once staff determines that the application is complete, staff will move the application forward for review by the Tax Increment Project Review Committee.

2. Require applicant to include a taxpayer cost report

3. Additional cost estimate forms:

Appendix A – Sample of the City’s Project Book worksheet – for cost estimation

Appendix B – Sample of the Consultant’s Guide to Bid Pricing – for cost estimation

Appendix C – Public Infrastructure Cost Estimate Form – identifies breakdown of typical developer costs, oversizing cost estimates and the differential. Includes specific reference for creating cost estimates to the Rapid City Municipal Code, Infrastructure Design Criteria Manual and the 2007 Standard Specifications for Public Works Construction

4. Additional language to address the following identified concerns:

a) Require a scope of work to identify proposed public improvements

b) Require reference to specific master plan document and language creating the need for regional facilities

c) Authorize city to review applicable engineering, construction administration and/or construction agreements associated with all public improvements utilizing included within the project plan

d) Clarify company ownership, successors or assigns

e) Require cost comparisons of area development to justify proposed development’s demonstration that the project is not economically feasible

f) Require applicant to submit copies of federal housing grant application if identifying affordable housing as one of the criterion

g) Change the notification procedures to be consistent with other development application notification procedures

h) Require applicant to prepare the project plan

i) Clarify that construction contingency costs shall be no more than 10% of total construction costs and engineering contingency costs shall be no more than 10% of original engineering costs

- j) Provide language identifying that the city shall advertise, contract and manage all public improvement projects identified in the project plan and that the associated developers agreement shall reflect reimbursement to the city for those public improvements from the district's tax increment proceeds
- k) Clarify the certification process to include submission of all certified costs to the Community Planning and Development Services Department to confirm cost verification in conjunction with the Public Works prior to the Finance Office receiving the payment request

**Staff Recommendation:** Based on the numerous changes proposed, staff recommends continuing the discussion on potential changes to the Tax Increment Financing Guidelines until the **January 28, 2014** Public Works Committee meeting.